

**REMARKS**

1. After entry of this paper, claims 1-14, 16, 18, and 20-26 are pending.

Reconsideration of this application is respectfully requested.

2. The Applicants filed an information disclosure statement on March 25, 2002 that included two (2) pages. The copy of the signed and initialed information disclosure statement sent with the present Office Action does not include the second page.

The Applicants respectfully request that the Examiner send a signed and initialed copy of the second page of this information disclosure statement with the next communication.

3. Independent claims 1 and 8 have been amended to distinguish over the Lindahl document (Lindahl) in view of the Malliaris document (Malliaris). Support for these amendments can be found, for example, in paragraphs [0125] and [0128] of the originally filed specification.

Claims 4 and 5 have been amended to be consistent with the amendments made to claim 1.

Claims 11 and 12 have been amended to be consistent with the amendments made to claim 8.

Claims 15, 17, and 19 have been canceled and claims 16, 18, and 20-26 have been amended to eliminate the means-plus-function format.

4. Claims 1-26 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Lindahl in view of Malliaris.

Independent claim 1 now recites,

A method for qualifying a hedge on of a hedged item for hedge accounting, said method comprising the steps of:

determining a standard deviation of changes in value of said hedged item over a known time frame;  
determining a standard deviation of a combination of said changes in value of said hedged item and changes in value of a hedging vehicle over said known time frame;  
determining a ratio between said standard deviation of changes in value of said hedged item and said standard deviation of changes in value of said hedged item and changes in value of said hedging vehicle; and  
comparing the ratio to a known level to determine whether the hedge qualifies for hedge accounting.

Independent claim 8 has been amended in a manner similar to claim 1.

Neither Lindahl nor Malliaris disclose a method or system for qualifying a hedge of a hedged item for hedge accounting where the ratio between the standard deviation of changes in value of the hedged item and the standard deviation of changes in value of the hedged item and changes in value of the hedging vehicle, is compared to a known level to determine whether the hedge qualifies for hedge accounting.

Lindahl merely describes a measure of hedging effectiveness. Lindahl does not describe, teach or suggest any method or system for determining whether the hedge of a hedged item qualifies for hedge accounting.

Malliaris fails to cure the deficiencies of Lindahl, as Malliaris merely describes tests of random walk of hedge ratios and measures of hedging effectiveness. Malliaris also does not describe, teach or suggest any method or system for determining whether the hedge of a hedged item qualifies for hedge accounting. For at least this reason, claims 1 and 8 are allowable over Lindahl in view of Malliaris.

With respect to claims 2-7 and claims 9-14, 16, 18, 20-26, which recite additional features of the invention, it is urged that these claims are allowable over Lindahl in view of Malliaris for at least the same reason as stated for independent claims 1 and 8 respectively.

In view of the foregoing, withdrawal of this rejection is respectfully requested.

5. Favorable reconsideration of this application is respectfully requested as it is believed that all outstanding issues have been addressed herein and, further, that claims 1-14, 16, 18, and 20-26 are in condition for allowance. Should there be any questions or matters whose resolution may be advanced by a telephone call, the examiner is cordially invited to contact applicants' undersigned attorney at his number listed below.

6. The Director is hereby authorized to charge the fee for the petition for the three (3) month extension of time and any additional filing fees or credit any excess payment that may be associated with this paper to Deposit Account No. **04-1679**.

Respectfully submitted,

Date: November 29, 2007

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